

**OKANOGAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 4**  
**DBA NORTH VALLEY HOSPITAL**  
**Okanogan County, Washington**  
**January 1, 1990 Through December 31, 1991**

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**Schedule Of Findings**

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1. The District Should Comply With Bid Requirements

The district did not comply with applicable bid statutes during 1991 and 1992, when it arranged for a contractor to purchase land and construct a medical clinic thereon, to the district's own specifications, and then subsequently purchased the land and medical clinic from the contractor for \$366,500. Furthermore, the district advanced funds to the contractor in the form of progress payments prior to executing a purchase agreement.

*Revised Code of Washington (RCW) 70.44.140 states in part:*

. . . All materials purchased and work ordered, the estimated cost of which is in excess of five thousand dollars, shall be by contract. Before awarding any such contract, the commission shall cause to be published a notice at least thirty days before the letting of said contract, inviting sealed proposals for such work . . . At the time and place named, such bids shall be publicly opened and read, and the commission shall proceed to canvass the bids, and may let such contract to the lowest responsible bidder upon plans and specification on file, or the best bidder submitting his own plans and specifications . . . .

Failure to comply with the call for bid requirement denied other contractors the opportunity to compete for the work, which may have prevented the district from obtaining the work at the lowest possible cost.

District management indicated that in their opinion, the district purchased real property, and thus was not subject to the bid law requirement for material purchased and work ordered as provided for in RCW 70.44.140.

We recommend that the district adopt procedures that will assure future compliance with applicable bidding statutes.